

PROVIDING TECHNICAL ASSISTANCE TO CHINA

by the Office of the Chinese Economic Area, Market Access and Compliance

China's recent accession to the World Trade Organization (WTO) was a milestone for China as well as the global trading community. Ensuring China's integration into the world trading system is important for China but also for the future of the WTO.

The Bush Administration is devoting a considerable amount of effort to ensuring that China fulfills its commitments to the WTO. Both here and in China the Departments of Commerce, State, Agriculture and Treasury as well as the U.S. Trade Representative (USTR) are working diligently toward this objective.

Many of China's commitments require that China take a specific, affirmative action by a date that will ensure that its trade regime is WTO compliant. Other commitments involve an ongoing obligation for China to adhere to certain rules in the conduct of its trade regime. China's accession commitments include: undertaking systemic reforms that will promote transparency, predictability and fairness in business dealings, making numerous trade-liberalizing commitments that take into account the special characteristics of China's economy, which will help to improve market access across sectors and making substantial tariff reductions on industrial and agricultural goods of importance to U.S. businesses and farmers.

The U.S. Department of Commerce has developed an action plan to help China fulfill its obligations. This plan includes:

■ **Concentrating enforcement efforts** — the ITA China Team, with representatives from all units, meets regularly to discuss strategy and implementation plans. Team members meet regularly with Chinese officials in Washington as well as our own staff members in Beijing and officials from the Chinese Ministry of Foreign Trade and Economic Cooperation to review specific market access and compliance problems.

■ **Helping China reform** — A series of training programs, directed to Chinese officials, have been organized. These seminars address WTO-related issues, which U.S. businesses have identified as priorities for their industries.

■ **Promptly address market access issues** — Tight action deadlines for new market access and compliance cases are in place. Washington and

China-based staff are using a new shared database to effectively track all China market access and commercial cases. The U.S. Congress has provided new compliance resources in Washington and in China, which will enable ITA to pursue and monitor compliance cases more efficiently.

■ **Giving U.S. companies a head start** — A seminar series was conducted throughout the United States prior to China's accession to the WTO, the purpose of which was to educate the business community on changes anticipated in the Chinese market and the assistance available in monitoring and enforcing compliance with accession commitments.

■ **Aggressively monitor trade flows** — a China-specific program is in place that monitors imports from China targeting key sectors. This team monitors trade flows with



China and highlights significant movements in trade reports.

The provision of technical assistance and WTO-specific training has been ongoing since late 2000. Four U.S. government agencies as well as the U.S. Trade Representative support these continuing efforts. Additional training is being conducted by various private sector associations such as the U.S. Chamber of Commerce and the U.S.-China Business Council as well as prominent American universities, such as Georgetown, Harvard and University of Maryland.

U.S. GOVERNMENT-SPONSORED TRAINING

The goal of the Department of Commerce's WTO-related training efforts, which are taking place in China and the United States, is to provide Chinese officials with the information they need in order to fully implement their WTO commitments in their relevant sectors. Several training sessions have already taken place, been well received and future sessions are planned in China and the United States. Below are three examples of the types of programs the Department has developed: Intellectual Property Rights, Information Technology and Medical Device Standards. The U.S. Department of Agriculture is also organizing training programs relating to agricultural issues.

INTELLECTUAL PROPERTY RIGHTS

In June of 2001, the U.S. Department of Commerce, in coordination with the U.S. Department of Justice (DOJ) and China's Ministry of Foreign Trade and Economic Cooperation (MOFTEC), conducted one and a half day sessions on Intellectual Property Rights (IPR) in Shenyang, Hangzhou, and Xiamen, China. The program presented issues and options to Chinese officials and entrepreneurs on IPR enforcement, including Trade Related Aspects of Intellectual Property (TRIPS) and comparative criminal



practice and procedure. There was also a case study on Intellectual Property, which was originally developed by Commerce's Patent and Trademark Office to train U.S. law enforcement officers, prosecutors, and courts. In addition, two presenters met with judges from Shanghai and Zhejiang Province to better understand China's structure for IPR enforcement.

INFORMATION TECHNOLOGY TRAINING

In August 2001, the U.S. Department of Commerce held a WTO Training Program on IT/Telecom Equipment Standards, Testing, and Certification in Beijing, China. The program was hosted in coordination with China's Ministry of Information Industry (MII). With over 70 Chinese and US attendees, the program consisted of presentations from both Chinese and U.S. presenters with discussion periods. The aim of the program was to raise awareness among Chinese IT/Telecom officials and U.S. business leaders of China's WTO obligations, especially those relating to the Information Technology Agreement. Chinese presenters explained current

practices and procedures used in testing labs, and opportunities for foreign technical assistance in standards conformity and compliance to international standards. The program was carried out with high-level support from the Chinese government and industry representatives as well as the assistance and support from both the American Embassy and U.S. Foreign and Commercial Service staff. After the program, participants suggested that additional WTO-related training programs be expanded to other cities in China. Participants also noted the need for additional programs dealing with the issue of intellectual property specifically for IT companies

MEDICAL DEVICE STANDARDS

In September 2001 the U.S. Department of Commerce, in conjunction with the State Drug Administration (SDA) of China, held a 3-day seminar on medical device standards. This seminar included participants from the U.S. and EU private sectors, TD/Medical Device staff and Food and Drug Administration (FDA) regulators. The focus of this event was on the role of standards under a

Quality System-based regulatory approach. Although medical device safety requirements in the U.S. and EU differ in some technical respects, they both utilize the Quality Systems approach to regulation (essentially, auditing factories that make medical devices to ensure that they make quality products). This is in contrast to the Chinese system of post-production testing.

AGRICULTURAL AFFAIRS

The Department of Agriculture, through its Foreign Agriculture Service (FAS), is coordinating all WTO issues as they relate to agricultural affairs. In April 2001, FAS conducted a WTO-related training program in conjunction with the Cochran Fellowship Program. The program covered such topics as FAS role in trade policy, WTO agreements on agriculture, sanitary and phytosanitary measures and WTO agricultural negotiations. FAS is planning on continuing similar training seminars in China for the future.

BE PREPARED

The overall message of these training efforts has been that officials need to be prepared for WTO-induced changes

and must understand the expectations of foreign businesses. Participants have stressed the importance of adhering to China's accession commitments as well as the benefits to China of further market liberalization. The message from the private sector is that they will initially encourage good-faith implementation efforts and be patient with difficulties.

THE ROLE OF FOREIGN BUSINESS

The programs initiated thus far and those planned in the future, are cementing a foundation for broadening of WTO knowledge among Chinese government regulators. Though these represent only a slice of the WTO-related activities taking place in China, they will continue to grow and evolve to support China's government as it works through the implementation of specific commitments. Foreign-invested enterprises themselves, through expansion of their operational activities, will also help Chinese officials get up to speed.

The most sophisticated foreign business leaders are discussing WTO-related issues with relevant local or functional regulators. Whether these plans are to act

on the discontinuation of local-content requirements or to establish a new banking venture, a foreign business will benefit by discussing these issues early on with officials on the front line of implementation. Separately, the Department of Commerce seeks American business partners in WTO implementation initiatives as a way to integrate business priorities into its ongoing training efforts. While U.S. business participation in the many training and educational tasks may at times leave them feeling frustrated — their efforts are invaluable in identifying the priority issues of China's WTO accession.

CONTINUING THE LEARNING PROCESS

While certain elements within China's complex political organization are still resistant to some of the structures of China's WTO accession commitments, it is clear that the government leadership is committed to adapting to the norms and requirements of the international trading system.

Chinese leaders stress that the WTO will change the way China's government works. They emphasize that Chinese officials need to develop procedures and institutions to move away from approval by administrative fiat and abrupt implementation of regulations, and toward transparency in decision making and a greater reliance on a system of rule of law. Whether Chinese pragmatism and willpower will prevail, and do so in a timely manner, remains an open question. But the considerable foreign resources already marshaled to support their goals will prove invaluable. ■

